# Weekly Economic Review

## Exports finish 2016 on a strong note

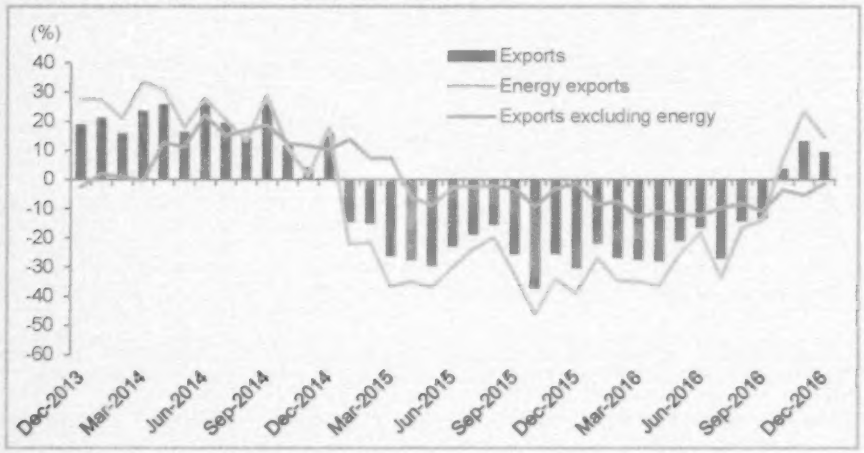
### Merchandise Trade

**Broad-based improvement supports exports**

The value of Alberta's energy exports continued to expand in December. It rose for the third month in a row to $8.0 billion, up 4.3% month-over-month (m/m). Energy exports increased (+5.1% m/m) and non-energy exports also bounced back (+2.5% m/m) after declining in November due to widespread gains mainly in basic industrial chemicals, plastics, and rubber products (+10% m/m), and metal and non-metallic mineral products (+20% m/m). While overall exports have been increasing on a year-over-year (y/y) basis since October (Chart 1), the weakness earlier in the year pulled down the annual growth in 2016 (-15%).

Chart 1: Year-over-year decline in non-energy exports eases

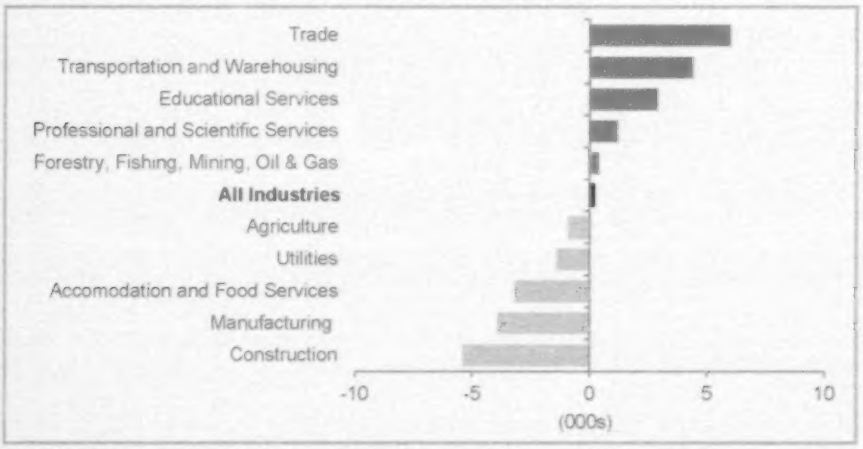
Year-over-year growth in Alberta's exports




**Source:** Statistics Canada

Chart 2: Job losses mostly in goods-producing industries

Monthly change in employment in selected industries




**Source:** Statistics Canada

### Employment

**Labour market holds steady**

Employment was little changed in January. Gains in part-time employment (+24,600) were offset by losses in full-time jobs (-24,300). On an industry basis, monthly increases were concentrated in the service industries, led by trade (+6,000) and transportation and warehousing (+4,400). In contrast, goods sector employment fell (-11,300) mainly due to declines in construction (-5,400) and manufacturing (-3,900) (Chart 2). With little change in employment and an increase in participation rate to 72.9%, the unemployment rate edged up 0.3 percentage point to 8.8%.

### New Housing Price Index

**Prices stable amid downturn**

New house prices in Alberta have been fairly steady. The New Housing Price Index (NHPI) rose 0.1% m/m in December due to an uptick in both house (+0.2% m/m) and land prices (+0.1% m/m). Compared with a year ago, the NHPI was slightly down (-0.7% y/y), with Calgary and Edmonton seeing similar declines after diverging during much of the downturn. Nationally, new home prices continued to increase (+3.0% y/y) led by strong growth in Ontario (+6.3% y/y) and BC (+4.2% y/y). New home prices in Alberta held up fairly well in the

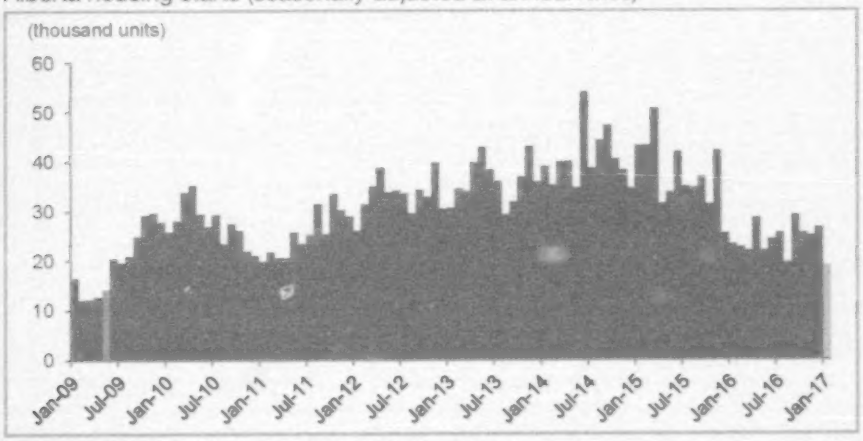
downturn as they were essentially unchanged in 2015 and 2016, in contrast to a decline of almost 9% in 2009.

## Housing Starts

### A weak start to 2017

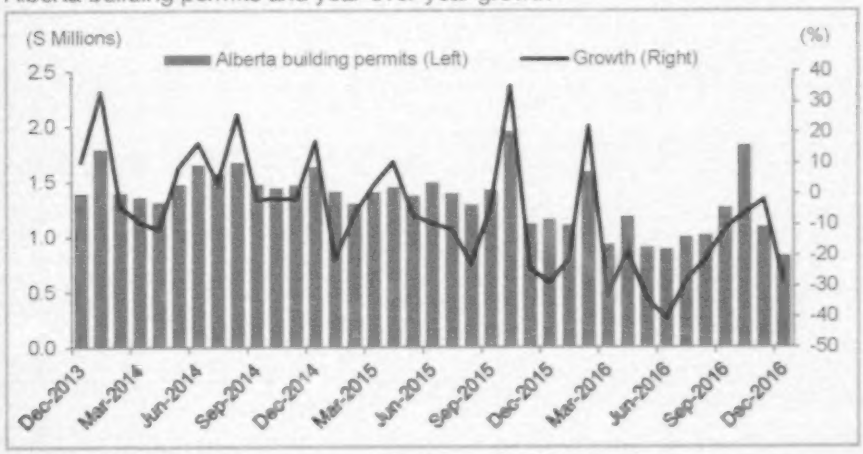
After ending 2016 on a positive note, Alberta housing starts took a significant step back in January. Housing starts fell 29% m/m to 18,966 units and reached the lowest level since May 2009 (Chart 3). The decline was led by a sharp pullback in apartment (-75% m/m) and row housing starts (-52% m/m). High rental vacancies and elevated inventories of unsold multi-family units in Calgary and Edmonton are pulling down construction in this segment. Regionally, the weakness was concentrated in Calgary (-50% m/m) and Edmonton (-31% m/m). Meanwhile, other major urban centers saw improvement (+29% m/m), supported by increased activity in Fort McMurray. Nationally, housing starts held steady as strong growth in Ontario and Manitoba were offset by declines in BC, Alberta and Saskatchewan. Ontario's housing starts reached close to 100,000 units in January, the strongest level since July 2005.

Chart 3: Housing starts pull back to reach lowest level since March 2009
Alberta housing starts (seasonally adjusted at annual rates)




**Source:** Canadian Mortgage Housing Corporation

Chart 4: Building permits remained weak in 2016
Alberta building permits and year-over-year growth




**Source:** Statistics Canada

## Building Permits

### Permits give up prior increases

The value of Alberta's building permits dipped in December to its lowest level since March 2009. Following a surge in September and October ahead of the November 1st implementation of federal and provincial building codes, building permits plunged 24% m/m to $827 million in December (Chart 4). The monthly decline reflected weaker activity in both residential (-27% m/m) and non-residential (-20% m/m) structures. On a regional basis, Edmonton's building permits pulled back sharply in December (-43% m/m) after six months of consecutive gains, whereas Calgary's building permits grew (+15% m/m) after a steep drop in November. Overall in 2016, building permits were down almost 19%.

## Census Population

### Alberta records fastest growth

As of census day May 10, 2016, Alberta's population stood at 4,067,175. This represents an increase of 11.6% between the 2011 and 2016 censuses, the province's fastest growth rate over the past six censuses and more than double the national average of 5.0%. As a result, Alberta's share of Canada's population rose from 10.9% to 11.6% between 2011 and 2016. Calgary and Edmonton were the two fastest growing census metropolitan areas (CMA) in Canada as population rose 14.6% and 13.9%, respectively.

## Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.